**Cooperative Hydro Embrun Inc. – 2019 Rates Application (EB-2018-0026)**

**OEB Staff Follow Up Questions**

**October 18, 2018**

**Question #1**

**Ref: IRM Model, Tab 3**

The updated IRM Model filed in response to the initial OEB staff questions shows a variance between the December 31, 2017 balances in the Continuity Schedule and the balances reported in the RRR 2.1.7 as of December 31, 2017. OEB staff notes that the since the Continuity Schedule should reflect the distributor’s GL, as is the trial balance 2.1.7 filing, there should be no difference in balances as of the same date. Please explain why the revised Continuity Schedule is now showing variances.

**CHEI Response:** The revised Continuity Schedule is now showing variances as we had included the dispositions in 2017 when they should be recorded in 2018. An adjustment to RRR 2.1.7. Revision request was made in order to reflect those changes. As such, there is no difference in the balances as of the same date.

**Question #2**

**Ref: Revenue-to-Cost Ratio Adjustments Model - Tab 14**

 **IRM Model - Tab 16**

Please file the 2019 version of the Revenue-to-Cost Ratio Adjustments model which was posted on the OEB’s 2019 electricity distribution rates [webpage](https://www.oeb.ca/industry/applications-oeb/electricity-distribution-rates/2019-electricity-distribution-rate) on August 22, 2018. Please ensure that Tab 1 is completed in the updated model, as no information was inputted into the 2018 version of the model that was filed by Cooperative Hydro Embrun.

**CHEI Response:** The completed 2019 version of the Revenue to Cost Ratio model has been filed along with these responses.

**Question #3**

**Ref: GA Analysis Workform**

 **IRM Model, Tab 3**

In response to question #10, Cooperative Hydro Embrun stated the following:

“cell C62 in the GA Workform was modified. The cell calculation should have been -14,333 instead of +14,033. With the change, the amount matches cell BG 29 in the Continuity schedule.”

OEB staff notes that Cell C62 should only show the variances recorded in the account for a year. [Note: The mechanics of recording variances is described in the OEB’s Accounting Procedures Handbook (APH), Article 490]. OEB approved dispositions should not be included as part of the transactions in the account, nor are they supposed to be adjusted on the GA work form (Cooperative Hydro Embrun is showing it under item 9 on the GA work form). Please update the GA workform accordingly.

**CHEI Response**: Please refer to the new 2017 GA work form. The amount on Cell C62 excludes the $14,033 and reflects the changes shown on the Continuity Schedule ($2,018). A correction was also made to the 2014 GA work form as Cell C62, and line 10 both included the OEB dispositions.

**Question #4**

**Ref: Manager’s Summary, page 15**

OEB staff would like to further clarify Cooperative Hydro Embrun’s response to question #11. It is not clear how exactly the RPP settlements are calculated. It appears from the response that Cooperative Hydro Embrun is settling for the difference between revenue collected, i.e., RPP price vs. only HOEP, which is not correct. RPP settlement involves calculating the difference between RPP price at each ToU/Tiered price and cost of power which includes hourly price plus actual GA. Please explain whether Cooperative Hydro Embrun is ignoring GA costs for RPP customers in its calculations.

**CHEI Response:** Upon further review of Question #11, our documentation stated that “With the total amount of kWh’s sold obtained, CHEI then multiplies the amount with the estimated power rate and that results in the number of dollars claimed/paid from/to IESO.”

Question #11 wanted further detail of the “estimated power rate.” This description was provided in the “Billing” section of the description. The “estimated power rate” consists of the Global adjustment 2nd rate posted on the IESO website for the settlement month (For all customer classes).

CHEI is not ignoring GA costs for RPP customers in its calculations.

**Question #5**

**Ref: Accounts 1588 and 1589 Questions**

OEB staff would like to further clarify Cooperative Hydro Embrun’s response to question #12.

1. Global Adjustment costs are paid by all customers. Why does Cooperative Hydro Embrun not record RPP customers’ portion of CT 148 in Account 4705?
2. Please provide the specific reference to the OEB issued guidance/APH where the OEB has stated that all GA costs are to be recorded in Account 4707.

**Question 5a -**

**CHEI Response:** RPP customers’ portion of CT 148 has been allocated to the account 4707 in the general ledger only. When CHEI calculates the variances, the GA costs relating to RPP customers and non-RPP customers is properly split. As such, there is no impact for the wrongful classification in the general ledger of the RPP customers’ portion.

Going forward, CHEI will record the RPP customer’s portion of CT 148 in Account 4705.

**Question 5b –**

**CHEI Response:** Refer to answer above as CHEI will record the RPP customers’ portion of CT148 in account 4705 instead of 4707.